

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3698-09
Bill No.: SS #2 for SCS for HB 1446
Subject: Insurance - Medical; Health Care Professional; Health Care
Type: Original
Date: May 9, 2002

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
All Funds	(UNKNOWN)	(UNKNOWN)	(UNKNOWN)
General Revenue	(\$144,439 to UNKNOWN)	(\$125,680 to UNKNOWN)	(\$129,226 to UNKNOWN)
Conservation	(UNKNOWN)	(UNKNOWN)	(UNKNOWN)
Highway	(\$78,433 to UNKNOWN)	(\$64,167 to UNKNOWN)	(\$64,167 to UNKNOWN)
Insurance Dedicate	\$9,850	\$0	\$0
Total Estimated Net Effect on <u>All</u> State Funds	(\$213,022 to UNKNOWN)	(\$189,847 to UNKNOWN)	(\$193,393 to UNKNOWN)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Federal*	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

*Income and costs of up to \$137,150 net to \$0.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Local Government	(UNKNOWN)	(UNKNOWN)	(UNKNOWN)

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 22 pages.

FISCAL ANALYSIS

ASSUMPTION

All sections

In similar proposals, **Department of Insurance (INS)** officials state that insurers and HMOs would be required to amend their policies to comply with this legislation. Amendments must be filed with INS. INS estimates that 171 insurers and 26 HMOs would be required to file at least one amendment to their policy form with a filing fee of \$50, resulting in revenue of \$9,850 in FY 2003. INS has reached capacity in policy form reviews and the additional workload created by this legislation would cause delays in policy form reviews. Additional staff are not being requested with this single proposal, but if multiple proposals pass during the legislative session which require policy form amendments, the department would need to request additional staff to handle the increase in workload.

Section 33.103

In a similar proposal, officials from the **Office of Administration – Division of Accounting (COA)** state the language in this proposal imposes an additional administrative burden on the plan administrator to conduct additional enrollments, change the official plan documents and their instructions to employees and agencies. Reprogramming costs would also be incurred to increase available options in the plan for four additional vendors that would qualify. COA assumes the effective date requires mid-year special enrollment period and conversion of from payroll deductions to cafeteria plan deductions to cafeteria plan reductions. COA assumes ongoing maintenance costs will be increased to process employee terminations - refunds and adjustments to taxable income. COA assumes they will need 3 additional FTE (2 Central Accounting Technicians and 1 Accountant II) and programming/maintenance costs totaling approximately \$135,000 annually. COA also assumes the proposal would result in additional work for all personnel/payroll officers who would have to enroll the participants of these plans in the Cafeteria Plan.

Oversight assumes:

- (1) The Office of Administration could implement the proposal with one additional FTE and existing resources; and
- (2) Additional duties, related to the proposal, imposed on various state agency's personnel offices could be absorbed.

Section 33.900

Oversight assumes that the State of Missouri does not currently expend public funds to subsidize abortion, human cloning or other prohibited human research, therefore assumes no fiscal impact.

ASSUMPTION (continued)

Section 194.220

Officials from the **Department of Revenue (DOR)** state this section will allow a minor who is at least sixteen years of age to donate organs with parental or guardian consent. The parental or guardian consent must be made on the minor's application for instruction permit or driver's license.

This will require program modifications to the over-the-counter driver license system and the Missouri Driver License (MODL) System. DOR states Amendment 5 provides a July 1, 2003 effective date for implementation of the provisions in section 194.220.1 This amendment will eliminate the need for programing the existing over-the-counter system and will allow the Department of Revenue to only program the system that is to be implemented in the spring of 2003.

The Division of Motor Vehicles and Driver Licensing will require \$10,000 for contracted programming costs associated with modifying the over-the-counter driver licensing system and \$15,000 for program modifications for the MODL system in order to facilitate the donation process required by this amendment.

Programming costs:

100	Hours of Over-the-counter Programming
<u>X \$100</u>	Contracted Programming Rate
\$10,000	Total Over-the-counter Programming
704	Hours of MODL Programming
<u>x\$21.25</u>	Overtime Programming Rate
\$14,960	Total MODL Programming
<u>\$24,960</u>	<u>Total Programming Costs</u>

354.603

In a similar proposal, officials from the **Department of Social Services (DOS)** assume this legislation would have a fiscal impact on the Division of Medical Services. DOS states the effect of this proposal is that if a health carrier has one of these certifications, then their network is deemed adequate. DOS has relied on the network access filing as the way to determine network adequacy for MC+ health plans to avoid duplicating requirements across departments. The Center for Medicare and Medicaid Services (CMS) has approved the Department of Insurance's network access filing as Missouri's method of monitoring adequate networks. If the CMS will not approve the method of assuring network adequacy described in this legislation, the Division of Medical Services estimates the cost of looking separately at the networks which would be ASSUMPTION (continued)

exempt under this new legislation.

Section 376.429

In a similar proposal, officials from the **Department of Social Services - Division of Medical Services (DMS)** assume there will not be a fiscal impact to the DMS from this proposed legislation. Section 376.429.9 exempts Title XIX of the Social Security Act from the provisions of this legislation. However, Title XXI (States Children's Health Insurance Program - SCHIP) is not included in the programs that are exempt. DMS states in Missouri, the Title XXI program is administered through the Title XIX program therefore, the DMS assumes the Title XXI program is also exempt from this proposed legislation.

In a similar proposal, officials from the **Missouri Department of Conservation (MDC)** state that this proposal mandates insurance coverage for clinical trials for treatment of cancer. MDC assumes this proposed legislation has a unknown fiscal impact on MDC funds.

In a similar proposal, officials from **Missouri Consolidated Health Care Plan (HCP)** assume that requiring the medical plan to cover Phase III or Phase IV clinical trials for cancer and other life threatening conditions could result in an increase in the plan's financial risk. Since the treatments may vary and only a few providers would be able to administer the treatments, the cost could be significant. HCP states to reduce this risk, the plan may transfer these additional costs to the members through an increase of premiums. Since the type of treatments, the associated costs and the number of patients cannot be estimated, the overall cost is unknown but could be significant. **Oversight** assumes unknown costs to the Public Entities, also.

In a similar proposal, officials from the **Department of Public Safety - Missouri State Highway Patrol** defer their fiscal note response to the Department of Transportation.

In a similar proposal, officials from the **Department of Transportation (DHT)** assume this legislation requires coverage for certain patient care costs for certain clinical trials. This legislation will have no fiscal impact on DHT. The Highway & Patrol Medical Plan is not expressly included in the new legislation, but section 104.801 RSMo. would require the Medical Plan to offer similar coverage.

However, 104.801 only requires similar coverage and the reporting requirements are not included in the mandates of 104.801. Currently, the Medical Plan does not cover costs for clinical trials. As a result, there would be a fiscal impact to the Highway & Patrol Medical Plan.

DHT assumes that if health carriers are required to cover the cost of services needed to administer the drugs or use the device under evaluation in the clinical trial, that manufacturers and distributors or providers of the drugs or devices would no longer pay for any of the related ASSUMPTION (continued)

costs. Assuming that this is true, DHT assumes that the fiscal impact to the Medical Plan would be very significant.

Without knowing the types of drugs, procedures, illnesses or how many individuals would participate, DHT finds it is impossible to calculate what a fiscal impact to the Medical Plan would be.

Section 376.430

Oversight assumes the requirements relating to Prescription drug cards can be absorbed by the health benefit plans.

Section 376.1209

In a similar proposal, officials from the **Missouri Consolidated Health Care Plan (HCP)** assume this proposal requires health insurers to provide coverage for a minimum of four mastectomy brassieres a year to insureds who have had a mastectomy. According to a local supplier, mastectomy bras range in cost from \$30 to \$50. According to the National Cancer Information Center (NCIC), the 2002 diagnosis rate for new cases of breast cancer is 109.5 for every 100,000. HCP covers 43,302 women age 20 and older. Applying the diagnosis rate from the NCIC, 48 women covered under HCP could be diagnosed with breast cancer each year. If all 48 require the mastectomy brassieres, the cost range would be \$5,760 to \$9,600 per year. The Public Entities cover 4,858 women over age 20 and could see 6 new cases of breast cancer each year. If all 6 would require mastectomy brassieres, the cost would be \$720 to \$1,200 per year. The health plans would try to recoup this cost by increasing premiums. However, spreading this cost over all insured should result in a minimal fiscal impact.

In a similar proposal, officials from the **Missouri Department of Conservation (MDC)** state the proposed legislation would have a fiscal impact to MDC funds because of additional mastectomy coverage. MDC estimates the impact to be less than \$100,000.

In a similar proposal, officials from the **Department of Public Safety - Missouri State Highway Patrol** defer their fiscal note response to the Department of Transportation.

In a similar proposal, officials from the **Department of Transportation (DHT)** state that this legislation requires coverage for the purchase of at least 4 mastectomy brassieres a year. This legislation will have no fiscal impact on DHT. The Highway & Patrol Medical Plan is not mentioned in the legislation but section 104.801 RSMo. would require the Medical Plan to provide similar coverage. Currently, the Medical Plan covers only the initial purchase, fitting, and necessary adjustments of prosthetic devices and supplies that replace all or part of an absent body organ or limb, (including contiguous tissue). As a result, this legislation would have a fiscal impact on the Highway & Patrol Medical Plan

ASSUMPTION (continued)

Currently, Medicare provides coverage for four mastectomy brassieres per calendar year. Therefore, members who have the Medicare Supplement Plan will have no fiscal impact on the Medical Plan. The Medical Plan does provide coverage for the initial mastectomy brassiere, but

does not provide coverage for additional brassieres or replacement brassieres. For purposes of this fiscal note, DHT assumes the Medical Plan would cover four mastectomy brassieres per plan year due to the coverage requirement in future years past the year of the mastectomy. DHT spoke to a local supplier to find the cost of a mastectomy brassiere which they quoted as \$40 per brassiere. DHT also found from Healthlink, the Medical Plan's network, that the Medical Plan had 14 women who had mastectomies in calendar year 2001 and did not have reconstruction surgery.

Assuming the Medical Plan would have to provide coverage for four mastectomy brassieres per plan year and the women purchasing these brassieres have met their deductible and maximum out of pocket expenses, the fiscal impact on the Highway & Patrol Medical Plan would be greater than \$2,240 ($(\$40 \times 4) \times 14$) annually. DHT assumes the fiscal impact would be much greater than \$2,240, but without knowing how many women covered under the Highway & Patrol Medical Plan have had mastectomies, there would be no way of calculating a more accurate cost estimate.

Historically, the department and the plan members have shared in any premium increases necessary because of increases in benefits. The costs may be shared in the long run (meaning shared between three categories: absorbed by the plan, state appropriated funds, and/or costs to individuals covered under the plan). However, the department (commission) must make a decision on what portion they will provide. Until the commission makes a decision, DHT can only provide the cost to the medical plan.

In a similar proposal, officials from the **Department of Social Services - Division of Medical Services (DMS)** state currently the DMS pays for two mastectomy brassieres per year, up to \$28 per brassiere. The cost would possibly double for DMS. The DMS paid for 220 brassieres in calendar year 2001 with a cost of \$6,128. Prior to switching from fiscal year to calendar year, statistics showed that in FY 00, 152 brassieres were reimbursed at a cost of \$44,232 and 227 in FY 01 at a cost of \$6,326. Allowing the coverage of four brassieres at up to \$28 per unit would cost the DMS from \$0 to \$5,133 ($220 \times \$28$) for 10 months in FY 03.

Oversight assumes the cost for four mastectomy brassieres is minimal and could be absorbed by the insurance companies and DOS.

Section 376.1253

In a similar proposal, officials from the **Missouri Department of Conservation (MDC)** assume this proposal would not fiscally impact their agency.

ASSUMPTION (continued)

In a similar proposal, officials from the **Department of Public Safety - Missouri State Highway Patrol (MHP)** defer their fiscal note response to the Department of Transportation.

In a similar proposal, official from the **Department of Transportation (DHT)** state that the Highway and Patrol Medical Plan is not mentioned in the legislation but section 104.801 RSMo. 2000 would require similar coverage. Currently, the Medical Plan does cover a second opinion, whether the specialist is in the provider network or out of the provider network. The only difference is that charges with a provider in the network are paid at a 90% co-insurance with the maximum out-of-pocket for the patient at \$750 and charges with an out-of-network provider are paid at an 80% co-insurance with the maximum out-of-pocket for the patient increasing to \$1,500. In addition, DHT states office visit charges with an in-network provider have a \$15 co-pay for the patient without being applied to their deductible and co-insurance. Out-of-network office visit charges are applied to the patients deductible and co-insurance.

DHT assumes there are two ways of looking at this legislation. One way is to assume that if a patient is seen by an in-network doctor and then referred to an out-of-network specialist that both provider's charges would have to be paid at 90% co-insurance with the maximum out-of-pocket for the patient at \$750 and the office visits would have a \$15 co-payment only. Likewise, DHT states if the patient is seen by an out-of-network provider and then referred to a specialist within the network the charges would have to be paid at the 80% co-insurance with the maximum out-of-pocket for the patient at \$1,500 and there would be no office visit co-payment applied. This assumption would probably have a fiscal impact to the Medical Plan.

DHT states the second assumption could be, because the medical plan does not limit coverage to in-network providers only, and the Medical Plan would cover the services with an out-of-network provider, there would be no fiscal impact to the Medical Plan. The legislation states, "Such coverage shall be subject to the same deductible and co-insurance conditions applied to other referrals and all other terms and conditions applicable to other benefits". DHT assumes, based on this statement, that the Medical Plan's current provisions would be applicable, because the 80-20 co-insurance is currently applied to other referrals and other benefits when seen by an out-of-network provider. DHT assumes the first assumption if the legislation read, "Such coverage shall be subject to the same deductible, co-insurance and co-payments as coverage for an in-network provider".

Based on the current language, DHT assumes there would be no fiscal impact to DHT or the Highway and Patrol Medical Plan.

In a similar proposal, officials from the **Department of Social Services - Division of Medical Services (DMS)** assume the proposed legislation requires insurance companies to provide coverage for a second opinion by a specialist for a patient that has been newly diagnosed with ASSUMPTION (continued)

cancer. The specialist, referred by the physician, may be within or outside of the patient's provider network.

The proposed legislation will not have a fiscal impact to the DMS. Currently, second opinions

for cancer patients is already a covered service for Missouri Medicaid in the fee for service program and the managed care program.

For the fee for service program, section 1.5 (Restricted Benefits) in the Missouri Medicaid provider manual does not include second opinions; therefore, Missouri Medicaid does cover second opinions. Section 13.30 of the provider manual specifically references coverage for second opinions on surgeries. For the managed care program, the MC+ managed care contracts paragraph 2.13 provide for second opinions.

In a similar proposal, officials from the **Missouri Consolidated Health Care Plan (HCP)** state this proposal requires the physician to refer any member newly diagnosed with cancer to a specialist within the network. If a specialist within the network is not available, the provider shall refer to a non-network specialist.

The provider contract with a health carrier requires them to refer members to participating specialists. Medical plans must meet the Department of Insurance's Network Adequacy regulations, therefore, most plans provide a vast network of primary care physicians, specialists, and hospitals. If a provider must make an occasional referral out of the network, the provider should still contact the health carrier who would then work on a reimbursement arrangement. HCP states health plans must pay a non-network claim which could cost more. Depending on the provider and which state the services are rendered, the costs are too difficult to estimate but are moderate.

Oversight assumes since members currently may receive second opinions from in-network providers, fiscal impact would be minimal.

Section 376.1275

In a similar proposal, officials from the **Department of Highways and Transportation** also responded for the **Missouri Highway Patrol**. The DHT officials stated this legislation requires health carriers to cover the cost for human leukocyte antigen testing without being subject to any greater deductible or co-payment. This legislation will have no fiscal impact on the MHTC. The Highway and Patrol Medical Plan is not included in the definition of "health Carrier" in section 376.1350, but section 104.801 RSMo 2000, would require the Medical Plan to offer the same coverage as this legislation.

ASSUMPTION (continued)

Currently the Medical Plan underwrites the coverage that this benefit would fall under and the histocompatibility locus antigen testing is covered under the Medical Plan's current contract. The current contract ends December 31, 2002. Due to this benefit currently being a covered service and assuming that this will be a covered service in future contracts, there would be no fiscal impact to the Highway and Patrol Medical Plan.

In a similar proposal, officials from the **Missouri Consolidated Health Care Plan (HCP)** stated this bill addresses antigen testing for bone marrow transplants.

This bill allows healthy persons to have a bone marrow test. The results of which would be filed with the National Marrow Donor Program. The insurance company is responsible for one test per member's lifetime.

According to a local laboratory, bone marrow testing is most commonly billed on the DR multiple CPT code level for each antigen to be identified. The CPT code is 86817 and ranges in cost from \$279 to \$338 per antigen.

Since every insured is eligible to undergo this testing, the plans' exposure to this additional cost could be significant. Our health plans would, in turn, try and recoup this cost by passing it along to the consumers through premium increases. The HCP health plans currently cover 114,768 individuals. However, since it is impossible to determine how many members would actually undergo the testing, the fiscal impact of this bill is unknown.

Oversight received additional information that human leukocyte antigen testing is currently a covered service under HCP. HCP assumes if this legislation passes, bone marrow agencies would widely publicize that insurance companies will pay for testing. HCP then assumes more insureds would undergo testing, thus increasing costs. **Oversight** assumes additional costs will be minimal.

In a similar proposal, officials from the **Department of Health and Senior Services (DOH)** assume the proposed legislation will not fiscally impact the DOH. Marrow donor screening in Missouri is handled by the Heart of America Bone Marrow Donor Registry, a non-profit agency. For all potential donors with qualifying health benefit plans, the cost of screening (currently \$73 per potential donor) would be paid as a benefit of the health plan.

In a similar proposal, officials from the **Department of Social Services (DOS) - Division of Medical Services (DMS)** stated there would be no fiscal impact on the DMS due to the following: Currently Missouri Medicaid pays for histocompatibility locus antigen testing for A, B, or C, and DR/DQ antigens. Donor charges for persons who are not Missouri Medicaid recipients are currently paid through the transplant program with prior authorization. Charges ASSUMPTION (continued)

included are the testing of all related donors as well as DR and MLC testing for the final matched donor. The Healthy Children and Youth (HCY) program reimburses for DR and MLC testing of unrelated potential donors.

Section 1

Oversight assumes the Department of Social Services will incur an unknown cost to perform a study.

Amendment 3--354.606

Oversight assumes any cost related to designated counties in Southwest Missouri would be minimal.

Amendment 8--376.1221

In a similar proposal, officials from the **Department of Social Services** assume this proposal would not fiscally impact their agency.

In a similar proposal, the **Department of Transportation (DHT)** and the **Department of Public Safety - Missouri State Highway Patrol (MHP)** assume this legislation requires health insurance carriers to provide coverage for hearing aids for dependent children who are covered under a policy or contract and provide coverage for replacement hearing aids for the child at least once every three years or as prescribed by an audiologist. DHT and MHP state according to this legislation, the deductible or co-payment cannot exceed 20% of the actual covered service cost, but the benefit payable for hearing aids may be limited to \$1,250 per hearing aid for each ear with a hearing loss.

DHT and MHP assumes this legislation will have no fiscal impact on DHT and MHP. The Highway & Patrol Medical Plan is not expressly in the statute, but under section 104.801 RSMo., the Medical Plan would have to provide similar coverage. DHT and MHP state effective January 1, 2002, the medical plan is required to cover the initial amplification for a newborn who has hearing loss detected within the first three months of their birth. The medical plan is currently not required to cover replacement amplification devices or hearing aids for children that are not detected with a hearing loss in the first three months of their birth. As a result, DHT and MHP assume this legislation will have a fiscal impact on the Highway & Patrol Medical Plan.

DHT and MHP assume this legislation states that the Medical Plan would also be responsible for coverage of replacement hearing aids every three years or as prescribed by the audiologist. DHT and MHP spoke with an audiologist at the Missouri School for the Deaf who thought that replacement hearing aids every three years for a child was reasonable as long as the hearing aids were behind the ear and not in the ear hearing aids. The only cost that would be required annually is new ear molds, which would be required at least twice a year for a child that is not ASSUMPTION (continued)

school age and then at least annually once they are school age. The cost for new ear molds is approximately \$50 per mold. DHT and MHP assume that once an individual reaches their \$1,250 maximum within a three year period that no additional costs would be covered until the third year.

Because the Highway & Patrol Medical Plan is currently required to cover the initial amplification for newborns who have a hearing loss detected within the first three months of birth only and does not currently cover replacement hearing aids or hearing aids for children who are not detected within the first three months of birth, DHT and MHP assume this legislation will

have a fiscal impact to the Medical Plan. Information DHT and MHP obtained on the internet from the Gallaudet University Center for Assessment & Demographic Studies, states that 1.8% of children 3-17 years of age are hearing impaired. DHT and MHP will round up to 2% of Highway and Patrol Medical Plan's child population is hearing impaired due to their percentage not including birth to 3 years of age. Based on other information found in a Today news article on the internet, 70% with hearing loss would benefit from the use of hearing aids. The legislation does not specify the age of children. DHT and MHP assume Birth through age 18 years, because the Medical Plan currently covers dependent children until they reach age 19.

DHT and MHP also found in the Gallaudet survey that 4.4% of hearing loss is due to hearing loss at birth. DHT and MHP assume that this is the percentage that would be identified with hearing loss by way of the newborn screenings and the children that the Medical Plan are currently responsible for covering their initial amplification effective January 1, 2002.

DHT and MHP assume that the Medical Plan would cover the hearing aids 100% up to the \$1,250 maximum per hearing aid and that individuals will meet their \$1,250 limit. Based on information from an audiologist with the Missouri School for the Deaf, DHT and MHP also assume that each individual will need two hearing aids.

Currently the Highway & Patrol Medical Plan has 5,599 children enrolled and on average have 295 new births added to the plan annually. Based on the above assumptions, we found that approximately 112 children covered under our medical plan would be hearing impaired ($5,599 \times 2\%$). Of these 112 children DHT and MHP assume that approximately 78 would benefit from the use of hearing aids ($112 \times 70\%$). DHT and MHP also assume that the Medical Plan would have 1 child every 4 years born with hearing loss ($295 \times 2\% \times 4.4\%$). This 1 child is what the Medical Plan is currently responsible for coverage of their initial amplification. If the Medical Plan would have to provide coverage up to \$1,250 for hearing aids/hearing loss ear and replacement hearing aids every three years, the fiscal impact would be approximately \$192,500 every three years ($(78-1) \times (\$1,250 \times 2)$ or \$64,167 annually ($\$192,500/3$). DHT and MHP assume 77% is DHT (\$49,409) and 23% is MHP (\$14,758).

ASSUMPTION (continued)

Historically, MHP, DHT, and the plan members have shared in any premium increases necessary because of increases in benefits. The costs may be shared in the long run (meaning shared between three categories: absorbed by the plan, state appropriated funds, and/or costs to individuals covered under the plan). However, the MHP and DHT must make a decision on what portion they will provide. Until a decision is made, DHT and MHP can only provide the cost to the medical plan.

In a similar proposal, officials from the **Missouri Consolidated Health Care Plan (HCP)** state that HCP's plans currently allow for hearing aids for HCP members at 20% coinsurance. HCP states hearing aids are available once every two years. HCP assumes this proposal would not

fiscally impact their agency.

In a similar proposal, **Department of Conservation (MDC)** officials assume the proposed legislation would have a fiscal impact on MDC funds since hearing aids for children are not presently covered by MDC insurance. MDC estimates the impact to be less than \$100,000.

Amendment 10-376.1600

Oversight assumes any cost related to reporting could be absorbed by health carriers.

Amendment 12--376.1219

In a similar proposal, officials from the **Department of Mental Health, the Department of Health and Senior Services, the Department of Social Services, and the Missouri Department of Conservation** assume this proposal would not fiscally impact their agencies.

In a similar proposal, officials from the **Missouri Consolidated Health Care Plan (HCP)** states low protein food encompasses a wide variety of foods. The proposal does not limit the amount or the types of low protein foods. HCP states specialty foods are very costly. According to a local home health agency, products include pastas in one-pound packages priced at \$7 per package, crackers in a 6-ounce package priced at \$4 per package, baking mix or flour price at \$9 per one pound box, and low protein breakfast loops, which are priced at \$9 per box. Other products fall in a wide range of products and include raisins, cheese, and soups.

Currently, HCP states the home health agency experiences very limited requests from the provider for the three products priced above. But will this required coverage influence providers to prescribe more than they currently do? Even at today's prescribing patterns, the cost of low protein modified foods for these patients will add costs to the plan. If the health plans try to recoup this cost through increased premiums, the result is expected to have some, though undetermined, impact for the state and public entities covered under HCP, depending upon utilization of these products.

ASSUMPTION (continued)

In a similar proposal, officials from the **Department of Public Safety - Missouri State Highway Patrol (MHP)** defer their fiscal note response to the Department of Transportation.

In a similar proposal, officials from the **Department of Transportation (DHT)** state that currently the Highway and Patrol Medical Plan provides coverage for appropriate medically necessary services and supplies in the treatment of a condition. The only exception would be food supplements. Due to the low incident rate of amino and organic disorders, DHT assumes there would be no or very minimal fiscal impact to the Medical plan.

Historically, the DHT, MHP and the plan members have shared in any premium increases necessary because of increases in benefits. The costs may be shared in the long run (meaning

shared between three categories: absorbed by the plan, state appropriated funds, and/or costs to individuals covered under the plan). However, the DHT (commission) must make a decision on what portion they will provide. Until the commission makes a decision, DHT can only provide the cost to the medical plan.

Amendment 13--630.900

In a similar proposal, officials from the **Department of Social Services, Department of Health and Senior Services** and **Department of Elementary and Secondary Education** assume the proposed legislation will have no fiscal impact on their organizations.

In a similar proposal, officials from the **Department of Corrections (DOC)** stated it is unknown what plans may be decided on for implementation. The DOC is unsure what potential fiscal impact could result due to possible programs for employees as well as incarcerated offenders. Program development, implementation and the monitoring thereof could result in costs as well as the need for staff. Therefore, the potential cost to the DOC is unknown at this time.

Based on the Department of Mental Health's response, **Oversight** assumes potential costs to the DOC would be minimal and could be absorbed within existing resources.

In a similar proposal, officials from the **Coordinating Board for Higher Education (CBH)** stated the CBH's expected involvement is not defined and therefore, the cost is unknown. The state's colleges and universities should also be contacted for their responses as implementing this plan may cost them additional funding.

Oversight has no information available from colleges and universities regarding how the proposed legislation might affect those entities. Therefore, costs proposed in this fiscal note will exclude potential costs to universities and colleges and the unknown costs proposed by the CBH.

In a similar proposal, officials from the **Department of Mental Health (DMH)** provided the ASSUMPTION (continued)

following assumptions regarding the proposed legislation:

This fiscal note proposes a low cost, on-going approach. No additional DMH staff is requested; existing staff would manage and support this initiative. The amount of funding requested is sufficient to design and coordinate the required state suicide prevention plan. However, an immediate full implementation of the training and technical assistance components of such a plan is not being recommended. Rather, we are proposing an on-going approach that would continue indefinitely. We are proposing to start the training in selected sites across the state during FY 2004. We would continue training in different locations across the state each year on a on-going basis.

In FY 2003 existing resources and staff will be utilized for the curriculum development,

coordination and scheduling of training sessions which will begin in FY 2004.

There will be two components:

I. Training and awareness. The DMH currently has a Suicide Prevention Program that focuses primarily on children and the elderly in some, but not, Missouri counties. It provides a comprehensive array of suicide prevention services including primary prevention by decreasing risk factors and increasing protective factors, gatekeeper training for early identification and intervention with suicidal persons and comprehensive site specific suicide prevention planning.

A. Expand the target population of the current suicide prevention grants to include gatekeeper training (group training) for health care providers, local agency health staff, community based professionals and employers.

Cost -- \$7,500 per suicide prevention grant x 4 grants = \$30,000

B. Conduct two more gatekeeper instructor (train-the-trainer) trainings.

Cost – \$200 per person x 100 persons = \$20,000

II. Planning and Evaluation. This component will provide an Oversight Committee to assist the DMH in state plan development and evaluations as required by the legislation. It is assumed there would be quarterly meetings, three of which would be for two days and one for one day. There would be ten members including five state agency representatives and five consumers. The DMH would staff the committee, producing and revising the plan, and perform the annual evaluations with the assistance of the Department of Health and Senior Services.

ASSUMPTION (continued)

Oversight Committee

10 members (5 members State Employees)
Lodging (5 people, 3 meetings) 15 @ \$65.00 = \$975.00
Meals (5 people, 7 meeting days) 35 @ \$26.00 = \$910
Mileage (5 people, 4 meetings) 20 @ \$75.00 = \$1,500.00
Misc. Expenses (5 people, 4 meetings) 20 @ \$5.00 = \$100.00

Training and awareness - \$50,000

Planning and Evaluation (Oversight Committee) - \$3,485

Total - \$53,485

CM:LR:OD (12/01)

The DMH proposes total costs for the implementation of the proposed legislation of \$55,089 in FY 04 and \$56,741 in FY 05.

Amendment 15--376.1212

In a similar proposal, officials from the **Department of Public Safety - Missouri State Highway Patrol**, the **Department of Transportation**, and the **Missouri Department of Conservation** assume this proposal would not fiscally impact their agencies.

In a similar proposal, the **Department of Social Services - Division of Medical Services (DMS)** state the requirement of 24 hour inpatient care following a surgery that takes three or more hours to complete would not impact the DMS. The DMS assumes recipients undergoing surgery that requires more than 3 hours would receive 24 hours of inpatient care thereafter, would be released with the consent of the attending physician after consulting the patient, or would be provided coverage for post-discharge. According to the Medicaid physician consultant, a representative from the Missouri Hospital Association, and a representative of Missouri Consolidated Health Care Plan (HCP), they all assume a 24 hour stay after a 3 or more hour surgery is most likely the current practice.

A HCP representative stated that there may be a minimal number of minor surgeries that take more than the 3 hours to complete that would not currently require a 24-hour inpatient stay, but these would be low overall and would be spread among the entire insured population in the form of slightly higher premiums. In addition, the Medical Review Services (MRS) that determines proper inpatient stays for the DMS stated that this legislation would not impact their current practice. However, the DMS cannot determine whether this situation occurs because there is no record of the length of a surgery in claims records. MRS determines inpatient stays based on diagnosis codes and if a surgery is performed, not on the length of surgery. Therefore DMS may need to make policy changes that state MRS is required to certify inpatient stays based on the ASSUMPTION (continued)

length of surgery. DMS also may need to amend the contract with MRS to reflect this requirement. The DMS contracts with certain health maintenance organizations through the MC+ program to provide managed care services to certain Medicaid populations. The DMS assumes that the MC+ health plans would have no impact due to the reasons cited above.

DMS states this proposed legislation requires notification to recipients that Medicaid is required to provide 24 hours of inpatient care after a 3 or more hour surgery. The DMS would require MC+ health plans to include this requirement in their member handbooks that are sent to enrollees every year. For the Medicaid fee-for-service patients, the DMS would notify these recipients through the mail. Based on previous mailings sent to all recipients, the cost would be \$174,302. This cost is based on a projected Fee-for-service recipient population of 471,086 and includes printing, stuffing, and mailing costs. Any new fee-for-service eligibles would be informed through the current Medicaid literature that would be updated if this proposed legislation passes. Any new MC+ enrollees would receive notification through their member

handbooks.

In a similar proposal, officials from the **Missouri Consolidated Health Care Plan (HCP)** state it is very difficult to accurately predict the cost associated with this proposal. There are many different types of surgeries, some of which, although minor, could cause an operation to extend to three hours or longer. In those cases the 24-hour mandatory period could significantly increase the cost of minor surgery which would be reflected in increased premiums. In the case of more serious surgery, the patient will most likely already stay 24-hours or longer.

<u>FISCAL IMPACT - State Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
---	---------------------	---------	---------

ALL FUNDS

Costs - Missouri Consolidated Health Care Plan

Increased state contributions 376.429	(Unknown)	(Unknown)	(Unknown)
Increased state contributions 376.1219	(Unknown)	(Unknown)	(Unknown)
Increased state contributions 376.1212	(Unknown)	(Unknown)	(Unknown)

ESTIMATED NET EFFECT ON ALL FUNDS

<u>(UNKNOWN)</u>	<u>(UNKNOWN)</u>	<u>(UNKNOWN)</u>
------------------	------------------	------------------

GENERAL REVENUE

Costs – Additional Duties (COA)

Salaries (1 FTE) 33.103	(\$26,804)	(\$32,969)	(\$33,793)
Fringe Benefits 33.103	(\$9,652)	(\$11,872)	(\$12,169)
Expense (Programming/Maintenance) 33.103	<u>(\$20,833)</u>	<u>(\$25,750)</u>	<u>(\$26,523)</u>
Total Costs COA	(\$57,289)	(\$70,591)	(\$72,485)

Costs - Department of Social Services

Review of network adequacy 354.603	(\$0 to less than \$50,000)	(\$0 to less than \$50,000)	(\$0 to less than \$50,000)
Notification costs 376.1212	(\$87,150)	\$0	\$0
Pharmacy study- Section 1	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
Total Costs DOS	(\$87,150 to Unknown)	\$0 to (Unknown)	\$0 to (Unknown)

<u>FISCAL IMPACT - State Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
---	---------------------	---------	---------

Costs - Department of Mental Health

Grants, Training and Expenses			
630.900*	\$0	(\$55,089)	(\$56,741)
Total Costs DMH	\$0	(\$55,089)	(\$56,741)

ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(\$144,439 to Unknown)</u>	<u>(\$125,680 to Unknown)</u>	<u>(\$129,226 to Unknown)</u>
--	--	--	--

* Excludes unknown costs for the Coordinating Board for Higher Education and potential costs to universities and colleges.

CONSERVATION FUND

Costs - Missouri Department of
Conservation

Increased state contributions 376.429	(Unknown)	(Unknown)	(Unknown)
Increased state contributions 376.1221*	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

ESTIMATED NET EFFECT ON CONSERVATION FUND	<u>(UNKNOWN)</u>	<u>(UNKNOWN)</u>	<u>(UNKNOWN)</u>
--	-------------------------	-------------------------	-------------------------

*Less than \$100,000

HIGHWAY FUND

Costs - Department of Transportation

Increased state contribution 376.429	(Unknown)	(Unknown)	(Unknown)
Increased state contribution 376.1221	<u>(\$41,174)</u>	<u>(\$49,409)</u>	<u>(\$49,409)</u>
Total Costs DHT	(\$41,174 to Unknown)	(\$49,409 to Unknown)	(\$49,409 to Unknown)

Costs - Department of Public Safety-
Missouri State Highway Patrol

Increased state contribution 376.429	(Unknown)	(Unknown)	(Unknown)
Increased state contribution 376.1221	<u>(\$12,299)</u>	<u>(\$14,758)</u>	<u>(\$14,758)</u>
Total Costs MHP	(\$12,299 to Unknown)	(\$14,758 to Unknown)	(\$14,758 to Unknown)

Costs - Department of Revenue

Programming costs 194.220	<u>(\$24,960)</u>	<u>\$0</u>	<u>\$0</u>
Total Costs DOR	<u>(\$24,960)</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - State Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
ESTIMATED NET EFFECT ON HIGHWAY FUND	<u>(\$78,433 to UNKNOWN)</u>	<u>(\$64,167 to UNNOWN)</u>	<u>(\$64,167 to UNKNOWN)</u>
INSURANCE DEDICATED FUND			
<u>Income - Department of Insurance</u>			
Form filing fees	<u>\$9,850</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON INSURANCE DEDICATED FUND	<u>\$9,850</u>	<u>\$0</u>	<u>\$0</u>
 FEDERAL FUND			
<u>Income - Department of Social Services</u>			
Medicaid reimbursements 354.603	\$0 to less than \$50,000	\$0 to less than \$50,000	\$0 to less than \$50,000
Medicaid reimbursements 376.1212	<u>\$87,150</u>	<u>\$0</u>	<u>\$0</u>
Total Income DOS	\$87,150 to less than \$137,150	\$0 to less than \$50,000	\$0 to less than \$50,000
<u>Costs - Department of Social Services</u>			
Review of network adequacy 354.603	(\$0 to less than \$50,000)	(\$0 to less than \$50,000)	(\$0 to less than \$50,000)
Notification costs 376.1212	<u>(\$87,150)</u>	<u>\$0</u>	<u>\$0</u>
Total Costs DOS	<u>(\$87,150 to less than \$137,150)</u>	<u>(\$0 to less than \$50,000)</u>	<u>(\$0 to less than \$50,000)</u>
ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
POLITICAL SUBDIVISION			
<u>Cost - Political Subdivision</u>			
Increased local contributions 376.429	(Unknown)	(Unknown)	(Unknown)
Increased local contributions 376.1219	(Unknown)	(Unknown)	(Unknown)
Increased local contributions 376.1212	(Unknown)	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON POLITICAL SUBDIVISIONS	<u>(UNKNOWN)</u>	<u>(UNKNOWN)</u>	<u>(UNKNOWN)</u>

FISCAL IMPACT - Small Business

Small businesses could be fiscally impacted as a result of this proposal.

DESCRIPTION

Section 33.13

This proposal revises the operation of the Cafeteria Plan for State employees. The proposal requires the Commissioner of Administration to include in the Cafeteria Plan, products from vendors if: 1) the product is eligible under the United States Code; 2) the vendor is approved by the Office of Administration; and 3) the vendor is receiving at least \$500,000 annually from State employees through voluntary payroll deductions.

Section 33.900

This proposal prohibits public funds to directly or indirectly subsidize abortion services. It also prohibits public funds from being expended on a research project involving abortion, cloning, or other prohibited human research.

Section 194.220

This proposal allows a minor at least 16 years of age to become a donee of gifts of bodies or parts with parental consent. Such intent to be a donor shall be noted on the donor's drivers license or permit.

Section 354.085 and 354.405

This proposal holds that whenever a health service corporation submits a policy form to the Director of Insurance, and the Director does not disapprove the form within 45 days, the form is

deemed approved. This proposal also holds that whenever an HMO modifies any of the information or procedures in its certificate of authority, the modification shall be deemed approved within 45 days of filing unless the Director of Insurance rejects the modification citing specific reasons.

Section 354.407

This proposal would allow certain health maintenance organizations acting as programs for all-inclusive care for the elderly (PACE) projects to be exempt from the certificate of authority requirement. This exemption would apply only business conducted under terms of the approved PACE contract.

Section 354.603

This proposal exempts health carriers from filing access plans with the Department of Insurance, which outlines their network adequacy standards, if the health carrier is an eligible Medicare + Choice organization or has received accreditation from National Committee for Quality Assurance (NCQA) or the Joint Commission on the Accreditation of Health Organizations.

Section 376.429

This proposal requires health insurance plans to provide coverage for routine patient care costs incurred as a result of participating in clinical trials for the prevention and treatment of cancer.
DESCRIPTION (continued)

The clinical trial must be approved or funded by one of the entities which are specified in the proposal.

A policy, plan, or contract paid under Title 18 or Title 19 of the federal Social Security Act is exempt from the requirements of the proposal.

Section 376.430

Health benefit plans that use a prescription drug card, shall use a prescription drug card that conforms to the National Council for prescription Drug programs Pharmacy ID Card.

Section 376.1209

This proposal requires health insurance entities to provide coverage for at least four mastectomy brassieres per year.

Section 376.1253

This proposal allows a physician to refer a patient who has been newly diagnosed with cancer to a specialist for a second opinion regarding the patient's treatment. The specialist would be within the network. If there is not an appropriate specialist within the network, then a referral shall be made to a non-network specialist. This proposal requires insurance companies to provide coverage for the second opinion rendered by the specialist, regardless if the specialist is outside the patient's provider network.

Section 376.1275

This proposal requires health benefit plans to include coverage for bone marrow testing when the testing is done in a licensed facility and is performed as part of the National Bone Marrow Donor Program.

Sections 376.1350 and 376.1450

This proposal allows enrollees to waive their right to receive printed documents from their health insurer and to receive all documents in electronic form via the Internet. This legislation also exempts certain policies from the definition of health benefit plans.

Section 1

The DOS shall study the development of a preferred drug list, the use of a pharmacy benefit manager, drug manufacturers rebates, prior authorization of new drugs, pharmacy dispensing fees and drug ingredient cost reimbursement within the Medicaid program.

Amendment 8

This proposal requires health insurers to provide hearing aids to children through the age of 19. Hearing aid cost may be limited to \$1,250 and may be replaced every 3 years.

DESCRIPTION (continued)

Amendment 12

This proposal requires group health insurers to provide low protein modified food products for patients with phenylketonuria or any inherited disease of amino and organic acids.

Amendment 13

The DMH in conjunction with other state agencies shall implement a state suicide prevention plan.

Amendment 15

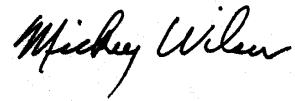
This proposal requires group health insurers to provide coverage for a minimum of 24 hours following the completion of any surgical procedure which takes 3 or more hours to complete.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Highway and Transportation
Department of Social Services
Missouri Consolidated Health Care Plan
Department of Insurance
Missouri Department of Conservation

Department of Public Safety- Missouri State Highway Patrol
Missouri House of Representative
Missouri Senate
Department of Health and Senior Services
Department of Health and Senior Services–Senior Rx
Office of Administration
State Auditor’s Office
Department of Revenue
Department of Mental Health

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Acting Director
May 9, 2002